

**MARINE RESOURCES COMMISSION**

**REPORT ON AUDIT  
FOR THE TWO YEAR PERIOD ENDING  
JUNE 30, 2012**



## **AUDIT SUMMARY**

Our audit of the Marine Resources Commission for the two year period ending June 30, 2012, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

–TABLE OF CONTENTS–

	<u>Pages</u>
AUDIT SUMMARY	
AGENCY HIGHLIGHTS	1-2
INDEPENDENT AUDITOR’S REPORT	3-4
AGENCY OFFICIALS	5

## AGENCY HIGHLIGHTS

The Marine Resources Commission (Commission) manages the Commonwealth's marine fishery and habitat resources. It manages publicly owned oyster beds, leases oyster planting grounds, constructs artificial reefs to enhance habitat, and is responsible for Virginia's streambeds and tidal bottomlands, wetlands, and dunes. The Virginia Marine Police, the Commission's law enforcement division, enforces boating, fishery, and habitat management laws and regulations in tidal waters. It also provides search and rescue services, and patrols contaminated areas to prevent harvesting and fishing. All of the Commission's duties relate primarily to the tidal waters of the Commonwealth.

### Financial Information

The Commission receives a combination of General Fund appropriations, special revenue funds, and federal grants. The Commission also collects various special revenue funds, including revenue from the sale of saltwater fishing licenses, which the Department of Game and Inland Fisheries sells on behalf of the Commission.

The following tables summarize the funding sources for the Commission:

#### Analysis of Funding Sources - FY 2011

<u>Funding Source</u>	<u>Original</u>	<u>Final</u>	<u>Expenses</u>
General	\$ 9,273,752	\$ 9,581,354	\$ 9,106,593
Special Revenue	6,013,500	6,516,918	3,996,810
Commonwealth Transportation	313,768	-	-
Debt Service	-	126,000	-
Dedicated Special Revenue	1,657,117	1,657,117	596,695
Federal Trust	<u>5,065,000</u>	<u>8,369,500</u>	<u>6,531,390</u>
Total	<u>\$ 22,323,137</u>	<u>\$26,250,889</u>	<u>\$ 20,231,488</u>

*Source: CAFR 1419D1 Report as of June 30, 2011, Commonwealth Accounting and Reporting System*

#### Analysis of Funding Sources - FY 2012

<u>Funding Source</u>	<u>Original</u>	<u>Final</u>	<u>Expenses</u>
General	\$ 8,345,043	\$ 8,880,064	\$ 8,778,064
Special Revenue	6,013,500	6,919,219	3,425,595
Commonwealth Transportation	313,768	-	-
Debt Service	1,657,117	1,357,117	618,729
Dedicated Special Revenue	<u>5,065,000</u>	<u>5,454,206</u>	<u>3,867,939</u>
Federal Trust			
Total	<u>\$ 21,394,428</u>	<u>\$ 22,610,606</u>	<u>\$ 16,690,327</u>

*Source: CAFR 1419D1 Report as of June 30, 2012, Commonwealth Accounting and Reporting System*

During both fiscal years, the Commission requested additional appropriations based on anticipated grants and other funds available after approval of their budget; however, due to timing differences and loss of federal grant monies the Commission fell short of expected expenses.

The Commission's largest program, Marine Life Management, accounts for the majority of the Commission's expenses. This program includes regulation and enforcement activities, fishery management, and replenishment and restoration activities for shellfish and oysters. The majority of expenses under this program are personnel costs for the employees who carry out these functions. Under this program the Commission also, after a public review process and approval by the Commission Board, awards grants for projects benefitting recreational fishing in the Commonwealth.

The following tables show budget and actual expense information for fiscal years 2011 and 2012 for the Commission's programs.

Analysis of Budgeted and Actual Expenses by Program – FY 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Marine Life Management	\$ 17,888,160	\$ 21,502,310	\$ 16,540,395
Coastal Lands Surveying and Mapping	2,485,781	2,485,781	1,605,320
Tourist Promotion	220,000	220,000	174,534
Administrative and Support Services	1,729,196	1,916,798	1,911,239
Capital Outlay Projects	<u>-</u>	<u>126,000</u>	<u>-</u>
Total	<u>\$ 22,323,137</u>	<u>\$ 26,250,889</u>	<u>\$ 20,231,488</u>

Source: CAFR 1419D1 Report as of June 30, 2011, Commonwealth Accounting and Reporting System

Analysis of Budgeted and Actual Expenses by Program – FY 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Marine Life Management	\$ 17,298,583	\$ 18,394,501	\$ 12,837,707
Coastal Lands Surveying and Mapping	2,137,781	1,927,781	1,614,500
Tourist Promotion	220,000	220,000	172,898
Administrative and Support Services	1,738,064	2,068,324	2,065,222
Capital Outlay Projects	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,394,428</u>	<u>\$ 22,610,606</u>	<u>\$ 16,690,327</u>

Source: CAFR 1419D1 Report as of June 30, 2012, Commonwealth Accounting and Reporting System



# Commonwealth of Virginia

## Auditor of Public Accounts

Martha S. Mavredes, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

February 22, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable John M. O'Bannon, III  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the **Marine Resources Commission (Commission)** for the two-year period ended June 30, 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Commission's internal controls, and test compliance with applicable laws and regulations.

### Audit Scope and Methodology

The Commission management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Revenues
- Expenses
- Payroll
- Procurement
- Small Purchase Charge Cards
- Capital Assets
- Information Systems Security

We performed audit tests to determine whether the Commission's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, observation of the Commission's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### Conclusions

We found that the Commission properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Commission records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Exit Conference and Report Distribution

We discussed this report with management on February 19, 2013.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LJH/alh

VIRGINIA MARINE RESOURCES COMMISSION BOARD

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